Review of stock market practices

1609. SHRI P. UPENDRA: Will the Minister of FINANCE be pleased to state:

(a) whether the stock market practices require a thorough review to ensure transparency of the transactions; and

(b) if so, what steps Government are taking to improve the stock exchanges and eliminate all malpractices?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE AND THE MINISTER OF STATE IN THE MINISTRY OF PARLIAMENTARY AFFAIRS (DR. ABRAR AHMED): (a) and (b) The Stock Exchange reforms is a continuous process as such market practices are under constant review to ensure transparency of transactions and to eliminate all malpractices. As a part of reform measures, Government had issued a directive to Stock Exchanges in August, 1991 asking them to implement certain measures in the interest of long term growth of capital market and investor protection as indicated below:

(1) Member brokers should indicate to the clients the execution price of the transaction and brokerage separately in the contract notes issued to them.

(2) Exchanges should levy a minimum daily margin of 25 per cent on gross outstanding position of their members in respect of all shares in specified list.

(3) Exchanges should ensure that all settlements take place strictly as scheduled and.

(4) The Governing Bodies of Stock Exchanges should be broad-based in such a manner that the ratio of elected directors and outsiders is 50:50.

Subsequently, SEBI has also been taking steps to increase investors confidence in the capital market by trying to bring about a more transparent and fair trading practices. These steps include inter-alia, registration of market intermediaries, issue of guidelines for disclosure, education of investors, capital adequacy norms for brokers, direction to stock exchanges to alter the compositions of their governing bodies & shortening of settlement cycles and conducting inspections of Broker's books and Stock Exchanges.

IDBI Fund Raising

1610. SHRI CHOWDHRY HARI SINGH: Will the Minister of FINANCE be pleased to state:

(a) whether Government's attention has been drawn to the news item which appeared in the Economic Times, New Delhi dated, the 9th April, 1993 captioned I.D.B.I. to raise funds from the Japanese Market;

(b) if so, what are the details of the proposed fund raising; and

(c) what is the amount of money Government expect from the above fund raising?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE AND THE MINISTER OF STATE IN THE MINISTRY OF PARLIAMENTARY AFFAIRS (DR. ABRAR AHMED): (a) Yes, Sir.

(b) A Proposal for a bond issue in the Japanese Market has been received by Government from I.D.B.I, but no final decision has been taken so far.

(c) The amount of money likely to be raised through bond issues in the Japanese market is subject to various factors like market conditions, country's credit rating, need for funds by IDBI etc.